



# JOINT CIRCULAR

## STATE OF NEW JERSEY

### DEPARTMENT OF THE TREASURY

|   |   |                       |
|---|---|-----------------------|
| NO.: 07-02-OMB/BRM  | ORIGINATING<br>AGENCIES: OFFICE OF MANAGEMENT AND BUDGET (OMB)<br>BUREAU OF RISK MANAGEMENT (BRM) | PAGE 1 OF 4           |
| EFFECTIVE<br>DATE: JULY 1, 2006   | EXPIRATION<br>DATE: INDEFINITE  | SUPERSEDES:           |
| SUBJECT: DEPARTMENTAL RESPONSIBILITY AND PROCEDURE FOR LOSS TO REAL OR<br>PERSONAL PROPERTY OR OTHER STATE ASSETS |   |                       |
| ATTENTION: DIRECTORS OF ADMINISTRATION AND CHIEF FINANCIAL OFFICERS<br>FACILITY MANAGERS                          |   |                       |
| FOR INFORMATION CONTACT: JEFFREY MARSHALL   |   | PHONE: (609) 292-8106 |

**BACKGROUND:** The State of New Jersey maintains property insurance on all properties owned by the State. It also maintains insurance on the assets of the Executive Branch Departments, the Legislature, the Judiciary and certain agencies. The insurance program includes a Self Insured Retention (SIR) commonly understood as a "deductible."

**PURPOSE:** This Circular Letter communicates the State's policy with respect to insured losses for State assets, both real and personal, including but not limited to boiler, machinery, miscellaneous electrical apparatus, boats and helicopters. This Circular Letter supersedes the BRM Policy 1.3.

The Circular Letter establishes the sharing of risk between the BRM and Departments/Agencies. The Department's share of any loss is increased to \$100,000 and the BRM's expense is for the balance of the deductible.

#### PROCEDURE:

- I. **Inventory and Exclusions** - Coverage is provided for an occurrence which results in physical damage to State owned property and equipment, at locations specifically scheduled and on file with the Department of the Treasury as required by Circular Letter 01-07-OMB.

**PROCEDURE:****I. Inventory and Exclusions - continued**

- A. It is essential that all Departments maintain current inventories of all property by location. For coverage under this program, the Departments must file schedules of their locations and personal property annually with the BRM. Inventories are to be maintained using replacement values (refer to Circular Letter 91-32-OMB). Loss recovery is for repair or replacement, subject to insurers' policy exclusions, at the time of the loss.
- B. Typical exclusions to coverage:
1. Losses occurring at locations not on file with the BRM.
  2. Mysterious disappearance or shrinkage upon taking inventory, depletion, deterioration, corrosion or erosion of material, wear and tear, extreme changes in temperature including freezing, shrinkage or evaporation, moths, vermin or inherent vice.
  3. Settling, cracking or deforming unless collapse of the structure actually occurs.
  4. Faulty workmanship, materials, construction or design unless an ensuing insured loss occurs.
  5. Loss resulting from neglect of the insured to use all reasonable means to save and preserve property when it is in danger of physical damage.
  6. Loss resulting from failure to perform proper maintenance on the facility.

This is only a general list of exclusions. For specific exclusions refer to applicable insurance policies.

**II. Limits of Liability**

All scheduled locations are fully insured for physical damage, on a repair or replacement basis, in like kind and quality, of facilities and/or contents damaged due to an insured peril subject to the limitations established by the applicable policy of insurance.

**III. Loss Administration and Deductible**

Losses will be administered through the BRM subject to the following stipulations and deductible:

- A. Any loss that does not exceed \$100,000 is to be assumed directly by the Department/Agency.
- B. All losses will require the Department/Agency to certify that replacement is essential to their operation and will be paid based upon the Department/Agency issuance of purchase orders, invoices, etc., to repair or replace the damaged property.
- C. Any delay in the repair or replacement of damaged property, beyond normal State contracting and purchasing procedures, must be requested by the Department suffering the loss and agreed to by the BRM. Any increase in cost to repair or replace the damaged property due to the delay shall be borne by the Department incurring the loss.

- IV. Newly Acquired Locations** - The BRM must advise its insurance carrier of all newly acquired facilities, whether owned or leased, for the facility and its contents to be covered. Therefore, the Department acquiring a new facility must report the acquisition to the BRM within **30 days of the date of acquisition** (as opposed to occupancy which may occur at a later time). Failure to report the newly acquired premises within the 30-day limitation may limit the extent of coverage or exclude the facility from coverage under this program until the date reported or the effective date of an insurance underwriter's binder.
- V. Vacant Buildings** - Policy terms require that BRM provide the insurance carrier with written notification when the State ceases operations at a location or when a building or facility is vacant or unoccupied for any length of time. Fire protection, security and alarm service must be maintained during such vacancy for insurance to continue. The BRM must be notified within 24 hours when a building is vacated or normal operations/usage ceases.
- VI. Procedures in the Event of Loss** - In the event of a loss you must take the following actions:
- A. Immediately report all losses to the BRM by telephone. Contact # (609) 984-0123
  - B. In the case of a fire related loss, immediately report the loss by telephone to the State Fire Marshall. Contact # (609) 633-6106
  - C. In the case of a theft related loss, immediately report the loss by telephone to both the State Police and any local law enforcement authority.
  - D. If a leased location or building is managed by the Department of the Treasury, Division of Property Management and Construction, report the loss by telephone and in writing to either your Lease Manager or Facility Manager.
  - E. Within 24 hours following a loss, submit a preliminary "Notice of Loss to State Property or Facility" report containing as many details as are currently known to you, and forward to the BRM and to other appropriate parties. The form is attached.
- Department of the Treasury  
Bureau of Risk Management  
20 West State Street, 6<sup>th</sup> Floor  
PO 620  
Trenton, NJ 08625-0620  
Fax: (609) 292-2437
- F. Follow up the initial report with a more detailed one, including copies of all estimates, invoices, and labor and material charges (including use of your own materials, stock withdraws, and use of your personnel for cleanup and repairs).

The BRM will coordinate with all insurance carriers and adjusters for loss adjustments involving State property.

Please note that the insurance carrier retains the right to refuse to honor a loss for failure: 1) to give prompt notification once a loss becomes known to the insured or 2) to provide timely cooperation in investigating the claim.

**FORMS:** The "Notice of Loss to State Property or Facility" report is also available on the Department of the Treasury intranet website [http://tnet.tmis.treas.state.nj.us/departement\\_of\\_the\\_treasury\\_forms.htm#risk](http://tnet.tmis.treas.state.nj.us/departement_of_the_treasury_forms.htm#risk). (Please note that an underscore must be placed as follows in the web address: department\_of\_the\_treasury\_forms.) Questions relating to or assistance in completing the report can be directed to the BRM by calling (609) 984-0123 or writing to:

Department of the Treasury  
Bureau of Risk Management  
20 West State Street, 6th Floor  
PO 620  
Trenton, NJ 08625-0620  
Fax: (609) 292-2437

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Jeffrey Marshall, Deputy Director  
Bureau of Risk Management

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Charlene M. Holzbaur, Director  
Office of Management and Budget

## NOTICE OF LOSS TO STATE PROPERTY OR FACILITY

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|---|---|--|--|---|---|--|---|---|
| <b>INSTRUCTIONS</b>   | 1. Fully photo all losses<br>2. Do not throw out anything without first taking photographs and making an inventory list<br>3. Contact the Bureau of Risk Management at 609-984-0123 as soon as possible for further instructions<br>4. Please complete the form as fully as possible. Written form must be received within 5 days of discovery of loss<br>5. Fax this completed form to the Bureau of Risk Management at 609-292-3046   |  |  |   |   |  |   |   |
| <b>Location of Loss</b>   | 1. Name of Agency or Department<br><br>Municipality / State / Zip Code of Loss:<br><br><table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Floor / room / or other location where loss originated:</td><td style="width: 50%; border: none;">Common Name of Facility<br/>( State House, Justice Complex etc):</td></tr> </table> Is the property leased? <input type="checkbox"/> yes <input type="checkbox"/> no <input type="checkbox"/> not sure<br><br>If yes, State the Name, address and phone number of the Lessor or property manager   |  |  | Floor / room / or other location where loss originated: | Common Name of Facility<br>( State House, Justice Complex etc): |  |   |   |
| Floor / room / or other location where loss originated:                                       | Common Name of Facility<br>( State House, Justice Complex etc):   |  |  |   |   |  |   |   |
| <b>Contact Information</b>  | Name and Title of Agency Contact Person<br><br>Address of Agency Contact Person<br><br>Phone<br>E-mail<br>Fax   |  |  |   |   |  |   |   |
| <b>Details of Loss</b>  | <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; border: none;">Date of Loss</td><td style="width: 33%; border: none;">Time of Loss or Discovery</td><td style="width: 34%; border: none;">Type of Loss:    <input type="checkbox"/> broken pipe    <input type="checkbox"/> broken sprinkler head<br/> <input type="checkbox"/> fire    <input type="checkbox"/> flood    <input type="checkbox"/> wind    <input type="checkbox"/> theft<br/> <input type="checkbox"/> Other _____</td></tr> </table> Description of Occurrence:<br><br><br>Description of Losses (Buildings and items)<br><br><br><table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;">Estimated amount of loss<br/>(please state both the amount and indicate range)        \$ _____</td><td style="width: 50%; border: none;"> <input type="checkbox"/> \$-0- to \$100,000                      <input type="checkbox"/> \$500,000—\$1,000,000<br/> <input type="checkbox"/> \$100,000 to \$500,000                  <input type="checkbox"/> greater than \$1,000,000         </td></tr> </table> Name and contact information Of persons injured:<br><br>Name and address and phone no. Of people who may have any information Regarding the occurrence or losses<br><br>Name of Police or Fire Department at the scene<br><br><b>IF THE PROPERTY IS LEASED</b><br>Name and address and phone number Of property manager<br>Has the property manager or landlord been notified <input type="checkbox"/> No <input type="checkbox"/> Yes by phone <input type="checkbox"/> Yes in writing <input type="checkbox"/> Yes in person |  |  | Date of Loss  | Time of Loss or Discovery                                       | Type of Loss: <input type="checkbox"/> broken pipe <input type="checkbox"/> broken sprinkler head<br><input type="checkbox"/> fire <input type="checkbox"/> flood <input type="checkbox"/> wind <input type="checkbox"/> theft<br><input type="checkbox"/> Other _____ | Estimated amount of loss<br>(please state both the amount and indicate range)        \$ _____ | <input type="checkbox"/> \$-0- to \$100,000 <input type="checkbox"/> \$500,000—\$1,000,000<br><input type="checkbox"/> \$100,000 to \$500,000 <input type="checkbox"/> greater than \$1,000,000 |
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